

SCA 7 (Murray) Loans of Transportation Revenues and Funds

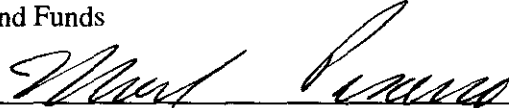
TRANSPORTATION AND COMMUNICATIONS COMMITTEE ATTACHMENT #4.3

Thursday, April 3, 2003

REPORT

DATE: April 3, 2003
TO: Members of the Transportation and Communications Committee (TCC)
FROM: Charlotte Eckelbecker, Government Affairs Analyst
Phone: (213) 236-1811 E-mail: eckelbec@scag.ca.gov
SUBJECT: SCA 7 (Murray)
Loans of Transportation Revenues and Funds

EXECUTIVE DIRECTOR'S APPROVAL



RECOMMENDED ACTION: Support

SUMMARY:

Senate Constitutional Amendment 7, introduced by Senator Kevin Murray (D-Los Angeles), requires the repayment with interest of motor vehicle fuel and vehicle-related revenues or trust funds, when loaned to the General Fund, if not repaid within the same fiscal year as the loan was made or by a date no later than 30 days after the next year's budget bill.

BACKGROUND:

The California Constitution restricts the expenditure of certain motor vehicle fuel and vehicle-related revenues to specified transportation purposes. These revenues may be loaned to the General Fund, however, under either of the following conditions:

1. The loan is repaid in full during the same fiscal year the loan was made or no later than 30 days after the enactment of the next year's budget; or
2. The loan is repaid in full within three fiscal years from the date the loan was made so long as 1) the Governor has proclaimed a state of emergency and declares the emergency will result in a significant negative impact to the General Fund, or 2) the aggregate amount of the General Fund revenues for the current fiscal year is less than the aggregate amount of the General Fund revenues for the previous year, as adjusted for population and inflation.

Both the Transportation Investment Fund (TIF) and the Traffic Congestion Relief Fund (TCRF), created in the Traffic Congestion Relief Act of 2000, are subject to these emergency transfer provisions. The Governor used the transfer in the 2001 and the 2002 Budget Acts, loaning nearly \$1.3 billion from the TCRF to the General Fund. A partial repayment of the transfer in the amount of \$500 million was scheduled for 2003-04.

That repayment is delayed in the Governor's Mid-Year and FY 2004 Budget proposal, which includes a \$1.7 billion reduction to General Fund-supported transportation programs. The proposal calls for the return of the remaining \$100 million in the TCRF to the General Fund (\$100 million) and the forgiveness of the planned \$500 million General Fund loan repayment to the TCRF. Furthermore, the proposal suspends the 2003-04 General Fund transfer of \$1.1 billion to the TIF as required by Proposition 42, which dedicated revenues from the state sales tax on motor vehicle fuel to transportation purposes.

SCA 7 would require that these transfers and others made in the second of the two circumstances articulated above be repaid with interest at the rate paid on the Pooled Money Investment Account.

Repayment with interest is also required when funds from the Public Transportation Account of the State Transportation Fund are loaned to the General Fund.

SUPPORT:

The following agencies support of SCA 7:

- League of California Cities

OPPOSE:

The following agencies oppose XXXX

- No information is available at this time.

BILL STATUS:

SCA 7 was referred to the Senate Committees on Transportation and Constitutional Amendments and will be heard by the Transportation Committee on April 1.

FISCAL IMPACT:

All work related to adopting the recommended staff action is contained within the adopted FY 02/03 budget and adopted 2003 SCAG Legislative Program and does not require the allocation of any additional financial resources.



CAE#83153



**SOUTHERN CALIFORNIA
ASSOCIATION of GOVERNMENTS**

Introduced by Senator MurrayFebruary 19, 2003

Senate Constitutional Amendment No. 7—A resolution to propose to the people of the State of California an amendment to the Constitution of the State, by amending Section 6 of Article XIX thereof, and by amending Section 1 of Article XIX A thereof, relating to transportation.

LEGISLATIVE COUNSEL'S DIGEST

SCA 7, as introduced, Murray. Loans of transportation revenues and funds.

The California Constitution restricts the expenditure of certain motor vehicle fuel and vehicle-related revenues to specified transportation purposes, but authorizes these revenues to be loaned to the General Fund under certain conditions. The California Constitution further provides that the trust funds in the Public Transportation Account in the State Transportation Fund may be loaned to the General Fund under certain conditions.

This measure would require any loan of these motor vehicle fuel and vehicle-related revenues or trust funds that is not repaid within the same fiscal year in which the loan was made, or by a date not more than 30 days after the enactment date of the budget bill for the subsequent fiscal year, to be repaid with interest at a specified rate. The measure would provide that a loan of these funds may also be made to other state funds or accounts under the conditions applicable to loans to the General Fund.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.



1 *Resolved by the Senate, the Assembly concurring,* That the
2 Legislature of the State of California at its 2003–04 Regular
3 Session commencing on the second day of December 2002,
4 two-thirds of the membership of each house concurring, hereby
5 proposes to the people of the State of California that the
6 Constitution of the State be amended as follows:

7 First—That Section 6 of Article XIX is amended to read:

8 SEC. 6. The tax revenues designated under this article may
9 be loaned to the General Fund *or any other state fund or account*
10 only if one of the following conditions is imposed:

11 (a) That any amount loaned is to be repaid in full to the fund
12 from which it was borrowed during the same fiscal year in which
13 the loan was made, except that repayment may be delayed until a
14 date not more than 30 days after the date of enactment of the budget
15 bill for the subsequent fiscal year.

16 (b) That any amount loaned is to be repaid in full, *with interest*
17 *at the rate paid on money in the Pooled Money Investment*
18 *Account, or any successor to that account, during the period of*
19 *time that the money is loaned,* to the fund from which it was
20 borrowed within three fiscal years from the date on which the loan
21 was made and one of the following has occurred:

22 (1) The Governor has proclaimed a state of emergency and
23 declares that the emergency will result in a significant negative
24 fiscal impact to the General Fund.

25 (2) The aggregate amount of General Fund revenues for the
26 current fiscal year, as projected by the Governor in a report to the
27 Legislature in May of the current fiscal year, is less than the
28 aggregate amount of General Fund revenues for the previous fiscal
29 year, adjusted for the change in the cost of living and the change
30 in population, as specified in the budget submitted by the
31 Governor pursuant to Section 12 of Article IV in the current fiscal
32 year.

33 (c) Nothing in this section prohibits the Legislature from
34 authorizing, by statute, loans to local transportation agencies,
35 cities, counties, or cities and counties, from funds that are subject
36 to this article, for the purposes authorized under this article. Any
37 loan authorized as described by this subdivision shall be repaid *in*
38 *full,* with interest at the rate paid on money in the Pooled Money
39 Investment Account, or any successor to that account, during the
40 period of time that the money is loaned, to the fund from which it

1 was borrowed, not later than four years after the date on which the
2 loan was made.

3 Second—That Section 1 of Article XIX A is amended to read:

4 SECTION 1. The funds in the Public Transportation
5 Account in the State Transportation Fund, or any successor to that
6 account, may be loaned to the General Fund *or any other state fund*
7 *or account* only if one of the following conditions is imposed:

8 (a) That any amount loaned is to be repaid in full to the account
9 during the same fiscal year in which the loan was made, except that
10 repayment may be delayed until a date not more than 30 days after
11 the date of enactment of the budget bill for the subsequent fiscal
12 year.

13 (b) That any amount loaned is to be repaid in full, *with interest*
14 *at the rate paid on money in the Pooled Money Investment*
15 *Account, or any successor to that account, during the period of*
16 *time that the money is loaned*, to the account within three fiscal
17 years from the date on which the loan was made and one of the
18 following has occurred:

19 (1) The Governor has proclaimed a state of emergency and
20 declares that the emergency will result in a significant negative
21 fiscal impact to the General Fund.

22 (2) The aggregate amount of General Fund revenues for the
23 current fiscal year, as projected by the Governor in a report to the
24 Legislature in May of the current fiscal year, is less than the
25 aggregate amount of General Fund revenues for the previous fiscal
26 year, as specified in the budget submitted by the Governor
27 pursuant to Section 12 of Article IV in the current fiscal year.

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